

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 First Round

June 12, 2019

Westminster Crossing, located at 7122-7140 Westminster Boulevard in Westminster, requested and is being recommended for a reservation of \$2,370,000 in annual federal tax credits to finance the new construction of 64 units of housing serving large families with rents affordable to households earning 20-70% of area median income (AMI). The project will be developed by Meta Housing Corporation and is located in Senate District 34 and Assembly District 72.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the SNHP through CalHFA.

Project Number CA-19-039

Project Name Westminster Crossing
Site Address: 7122-7140 Westminster Boulevard
Westminster, CA 92683 County: Orange
Census Tract: 996.010

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,370,000	\$0
Recommended:	\$2,370,000	\$0

Applicant Information

Applicant: Westminster Crossing, LP
Contact: Chris Maffris
Address: 11150 West Olympic Blvd., Suite 620
Los Angeles, CA 90064
Phone: (310) 575-3543
Email: cmaffris@metahousing.com

General Partner(s) / Principal Owner(s):	WCH Affordable XLVII, LLC Westminster Crossing, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Meta Housing Corporation Western Community Housing
Developer:	Meta Housing Corporation
Investor/Consultant:	RedStone Equity Partners
Management Agent(s):	The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 65
 No. & % of Tax Credit Units: 64 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (15 units - 23%)
 Utility Allowance: CUAC

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Orange County
 TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability**Aggregate Targeting Number of Units**

At or Below 20% AMI:	15
At or Below 30% AMI:	9
At or Below 50% AMI:	9
At or Below 60% AMI:	2
At or Below 70% AMI:	29

Average Income Project (70% and/or 80% AMI Units): 50% AMI targeted average or less is required

Unit Mix

31 1-Bedroom Units
 17 2-Bedroom Units
17 3-Bedroom Units
 65 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
15 1 Bedroom	20%	20%	\$410
5 1 Bedroom	30%	30%	\$615
9 1 Bedroom	50%	50%	\$1,025
2 1 Bedroom	60%	60%	\$1,230
2 2 Bedrooms	30%	30%	\$738
14 2 Bedrooms	70%	70%	\$1,722
2 3 Bedrooms	30%	30%	\$852
15 3 Bedrooms	70%	70%	\$1,989
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,893,379
Construction Costs	\$19,567,075
Rehabilitation Costs	\$0
Construction Contingency	\$1,378,850
Relocation	\$0
Architectural/Engineering	\$1,550,030
Const. Interest, Perm. Financing	\$2,337,237
Legal Fees	\$183,000
Reserves	\$242,248
Other Costs	\$3,729,015
Developer Fee	\$1,987,827
Commercial Costs	\$0
Total	\$38,868,662

Residential

Construction Cost Per Square Foot:	\$277
Per Unit Cost:	\$597,979
True Cash Per Unit Cost*:	\$596,321

Construction Financing

Source	Amount
JP Morgan Chase Bank	\$26,500,000
Westminster Housing Authority	\$5,500,000
CalHFA - SNHP	\$2,184,000
Deferred Reserves	\$242,248
Deferred Costs	\$1,047,388
Tax Credit Equity	\$3,395,025

Permanent Financing

Source	Amount
CCRC - Tranche A	\$5,269,940
CCRC - Tranche B	\$2,322,946
Westminster Housing Authority	\$5,500,000
CalHFA - SNHP	\$2,184,000
Orange County Housing Authority	\$850,500
Deferred Developer Fee	\$107,775
Tax Credit Equity	\$22,633,500
TOTAL	\$38,868,662

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,256,411
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$26,333,335
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,370,000
Approved Developer Fee in Project Cost:	\$1,987,827
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	RedStone Equity Partners
Federal Tax Credit Factor:	\$0.95500

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$20,256,411
Actual Eligible Basis:	\$25,373,766
Unadjusted Threshold Basis Limit:	\$18,615,753
Total Adjusted Threshold Basis Limit:	\$25,373,766

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages
Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Final:	42.540%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions

The applicant will receive Section 8 rental assistance from the public housing authority (PHA) and must therefore use utility allowances approved by the PHA for all units. The application utilized both CUAC utility allowances and the PHA's current utility allowance schedule, which is not permitted. To utilize the CUAC utility allowance for all units, the applicant must submit evidence to TCAC that the PHA has approved use of the CUAC prior to placed-in-service. Staff reviewed the project's rental income and 15 year pro forma using only the PHA utility allowance schedule.

Resyndication and Resyndication Transfer Event: None

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency

The Local Reviewing Agency, City of Westminster, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a public high school project children may attend	3	3	3
Within 1 mile of medical clinic or hospital	2	2	0
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Energy efficiency beyond CA Building Code Title 24 requirements: 12%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.